



DONELAN CLEARY
WOOD & MASER, P.C.

RECORDATION NO. 22383 FILED

AUG 31 '99

3-15 PM

August 30, 1999

22383
New Recordation No.

Dear Mr. Williams:

On behalf of First Security Bank, National Association, I submit for filing and recording under 49 U.S.C. § 11301(a) and the regulations applicable thereunder, executed counterparts of a primary document, not previously recorded, entitled Memorandum of Security Agreement – Chattel Mortgage (“Agreement”) made and entered into as of August 31, 1999.

The parties to the enclosed Agreement are:

First Security Bank, National Association,
as trustee, as Administrative Agent for
the Lenders and as Secured Party.
79 South Main Street
Salt Lake City, UT 84111

- SECURED PARTY/for Indexing
MORTGAGEE

Flex Leasing II, LLC
Suite 300
234 Front Street
San Francisco, CA 94111

- BORROWER/for Indexing
MORTGAGOR

The said Agreement, among other things, grants a security interest by the Borrower to the Secured Party in ALL EQUIPMENT NOW OWNED OR HEREAFTER ACQUIRED and in the leases of the said equipment. The specific units of equipment in the instant closing are covered in Schedule A to the Agreement, attached hereto, and the leases of the said equipment described in Schedule B to the Agreement.

The equipment covered by the instant Agreement is ALL EQUIPMENT NOW OWNED OR HEREAFTER ACQUIRED and the specific units of equipment in the instant closing are as identified in Schedule A to the Agreement.

A short summary of the Agreement to appear in the Surface Transportation Board Index is as follows:

“Covers ALL EQUIPMENT NOW OWNED OR HEREAFTER ACQUIRED and the leases thereof. The units of equipment in the instant closing are as listed in Schedule A and the leases thereof as listed in Schedule B to the Memorandum of Security Agreement – Chattel Mortgage.”

ATTORNEYS AND COUNSELORS AT LAW

1100 New York Avenue, N.W., Suite 750, Washington, D.C. 20005-3934, Tel: 202-371-9500, Fax: 202-371-0900

Covered by the Agreement to the Surface Transportation Board Index

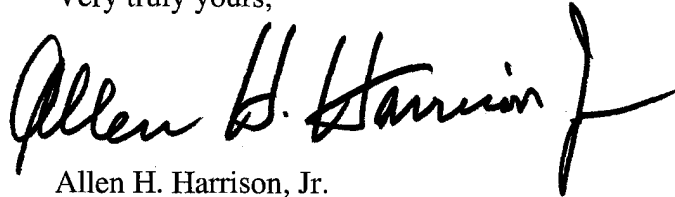
Please enter under this Recordation No. the following cross index references:

"See Recordation Nos. 21609-B, 21610-B, 22254-A, ~~22254~~, 22377,
22378, 22379, 22380, 22381, and 22382."

Enclosed is a check in the amount of fifty-two dollars, twenty-six dollars of which is in payment of the filing fee, and twenty-six of which is for the requested extra indexing.

Once the filing has been made, please return to bearer the stamped counterpart(s) of the document not required for filing purposes, together with the letter/fee receipt from the Surface Transportation Board acknowledging the filing, and the two extra copies of this letter of transmittal.

Very truly yours,

A handwritten signature in black ink, reading "Allen H. Harrison, Jr." with a stylized flourish at the end.

Allen H. Harrison, Jr.
*Attorney for First Security Bank,
National Association, for the
purpose of this filing.*

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Washington, DC 20423

Enclosures

BY HAND

8207-020

Schedule A

SCHEDULE OF EQUIPMENT

| EQUIPMENT TYPE | NUMBER OF CARS | CAR MARKS |
|---|-------------------|------------------------------|
| 3250 cu. ft. Covered Hopper Railcars | 75 | FLOX 983286 – FLOX 983360 |
| 3250 cu. ft. Covered Hopper Railcars | 25 | FLOX 983369 – FLOX 983393 |
| 6245 cu. ft. Covered Hopper Railcars | 50 | PSPX 9201 – PSPX 9250 |
| 60' 9" Plate "F" Boxcars | 45 | CHTT 101100 – CHTT 101144 |
| 42' Covered Coil Cars, 110-ton capacity, 286,000 lb. GRL | 200 | NS 166060 – NS166259 |
| 73' Centerbeam Railcars, 110-ton capacity, 286,000 lb. GRL | 75 | SRY 286060 – SRY 286134 |
| 42' Steel Coil Cars, 110-ton capacity, 286,000 lb. GRL | 100 | CSXT 495825 – CSXT 495924 |
| 4,200 cu. ft. Aluminum Rapid Discharge Open Top Hopper Railcars | 115 | FLCX 98421 – FLCX 98535 |
| 4,440 cu. ft. Aluminum Gondolas | 95 | SCNX 448284 – SCNX 448378 |

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MEMORANDUM OF SECURITY AGREEMENT - CHATTEL MORTGAGE

BETWEEN

**FIRST SECURITY BANK, NATIONAL ASSOCIATION
("SECURED PARTY")**

AND

**FLEX LEASING II, LLC
("BORROWER")**

August 3, 1999

Memorandum of Security Agreement-Chatel Mortgage made and entered into as of August 31, 1999, by and between First Security Bank, National Association, a national banking association as trustee under that certain trust agreement dated as of August 31, 1999 acting as Administrative Agent and as the agent for and representative (within the meaning of Section 9-105(m) of the Uniform Commercial Code ("UCC") of the Lenders ("Secured Party"), and FLEX Leasing II, LLC, a limited liability company organized under the laws of Delaware ("Borrower").

W I T N E S S E T H:

To secure all obligations of the Borrower under a certain Loan Agreement and certain Notes, Borrower hereby assigns to Secured Party all of Borrower's rights, title and interest in, the railcars described on Schedule A hereto and all other railcars of Debtor, whether now owned or hereafter acquired, and grants to Secured Party a first priority security interest in, the railcars described on Schedule A hereto and all other railcars of Debtor, whether now owned or hereafter acquired, together with all accessories, equipment, parts and appurtenances appertaining or attached thereto, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations thereto or the proceeds thereof, plus those certain lease agreements more fully described on Schedule B hereto regarding the above railcars; and all accounts, contracts, contract rights, documents and instruments related to said leases and the railcars.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective corporate officers as of the date and year first above written.

FIRST SECURITY BANK,
NATIONAL ASSOCIATION, as trustee, as
Administrative Agent for the Lenders and as Secured
Party

By: _____

Title: C. Scott Nielsen

Vice President

Date: 8/23/99

FLEX LEASING II, LLC,
a Delaware limited liability company

By: Its Asset Manager
Flex Asset Management Corporation,
a Delaware corporation

By: _____

Title: _____

Date: _____

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective corporate officers as of the date and year first above written.

FIRST SECURITY BANK,
NATIONAL ASSOCIATION, as trustee, as
Administrative Agent for the Lenders and as Secured
Party

By: _____

Title: _____

Date: _____

FLEX LEASING II, LLC,
a Delaware limited liability company

By: Its Asset Manager
Flex Asset Management Corporation,
a Delaware corporation

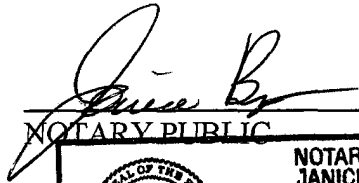
By: DP Hayes

Title: President

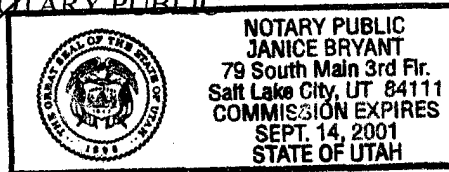
Date: 8/21/99

STATE OF UTAH)
) ss.
COUNTY OF SALT LAKE)

On this 23rd day of August, 1999, before me personally appeared C. SCOTT NIELSEN, to me personally known, who being by me duly sworn, says that he is the Vice President of First Security Bank, National Association, that the foregoing instrument was signed on behalf of said national banking association, and he acknowledged that the execution of the said instrument was his free act and deed.



NOTARY PUBLIC



My commission expires: _____

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of August, 1999, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is the _____ of Flex Asset Management Corporation, the asset manager of Flex Leasing II, LLC, that the foregoing instrument was signed on behalf of said corporation as asset manager of Flex Leasing II, LLC, and he acknowledged that the execution of the said instrument was his free act and deed.

NOTARY PUBLIC

My commission expires: _____

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of August, 1999, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is the _____ of First Security Bank, National Association, that the foregoing instrument was signed on behalf of said national banking association, and he acknowledged that the execution of the said instrument was his free act and deed.

NOTARY PUBLIC

My commission expires: _____

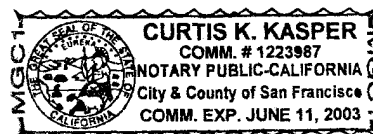
STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN FRANCISCO)

On this 21st day of August, 1999, before me personally appeared Dezmond Hayes, to me personally known, who being by me duly sworn, says that he is the President of Flex Asset Management Corporation, the asset manager of Flex Leasing II, LLC, that the foregoing instrument was signed on behalf of said corporation as asset manager of Flex Leasing II, LLC, and he acknowledged that the execution of the said instrument was his free act and deed.

Curtis K. Kasper

NOTARY PUBLIC

My commission expires: June 11, 2003



Schedule A

SCHEDULE OF EQUIPMENT

| EQUIPMENT TYPE | NUMBER OF CARS | CAR MARKS |
|---|-------------------|------------------------------|
| 3250 cu. ft. Covered Hopper Railcars | 75 | FLOX 983286 - FLOX 983360 |
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| 42' Steel Coil Cars, 110-ton capacity, 286,000 lb. GRL | 100 | CSXT 495825 - CSXT 495924 |
| 4,200 cu. ft. Aluminum Rapid Discharge Open Top Hopper Railcars | 115 | FLCX 98421 - FLCX 98535 |
| 4,440 cu. ft. Aluminum Gondolas | 95 | SCNX 448284 - SCNX 448378 |

SCHEDULE B

Lease Agreements

1. Master Car Lease Agreement dated as of August 24, 1998 by and between FLEX Leasing Corporation ("Flex") and J.M. Huber Corporation ("JM Huber") and Schedule No. 01 to Master Car Lease Agreement dated as of August 24, 1998 by and between Flex and J.M. Huber, which Master Car Lease Agreement and such Schedule, insofar as they relate to the equipment listed on Schedule A, have been assigned by Flex to FLEX Leasing II, LLC ("Flex II").
2. Master Car Lease Agreement dated as of May 14, 1999 by and between Flex and Holnam, Inc. ("Holnam"), Schedule No. 01 to Master Car Lease Agreement dated as of May 14, 1999 by and between Flex and Holnam and Amendment No. 01 to Schedule No. 01 by and between Flex and Holnam, which Master Car Lease Agreement and such Schedule, as amended, insofar as they relate to the equipment listed on Schedule A, have been assigned by Flex to Flex II.
3. Master Car Lease Agreement dated as of August 7, 1998 by and between Flex and Phillips Petroleum Company ("Phillips Petroleum") Amendment No. 01 to Master Car Lease Agreement dated as of August 7, 1998 by and between Flex and Phillips and Schedule No. 01 to Master Car Lease Agreement dated as of August 7, 1998 by and between Flex and Phillips Petroleum, which Master Car Lease Agreement, as amended, and such Schedule, insofar as they relate to the equipment listed on Schedule A, have been assigned by Flex to Flex II.
4. Master Car Lease Agreement dated as of June 29, 1999 by and between Flex and Union Pacific Railroad Company ("Union Pacific") and Schedule No. 01 to Master Car Lease Agreement dated as of June 29, 1999 by and between Flex and Union Pacific, which Master Car Lease Agreement and such Schedule, insofar as they relate to the equipment listed on Schedule A, have been assigned by Flex to Flex II.
5. Lease Agreement dated as of March 3, 1997 by and between Flex and Norfolk Southern Railway Company ("Norfolk Southern"), Amendment No. 01 to Master Lease Agreement dated as of March 3, 1997 between Flex and Norfolk Southern and Rider No. 3A to Master Lease Agreement dated as of March 3, 1997 between Flex and Norfolk Southern, which Master Car Lease Agreement, as amended, and such Schedule, insofar as they relate to the equipment listed on Schedule A, have been assigned by Flex to Flex II.
6. Master Car Lease Agreement dated as of December 8, 1998 by and between Flex and Southern Railway of British Columbia Limited ("Southern Railway") and Schedule No. 02 to Master Car Lease Agreement dated as of December 8, 1998 by and between Flex and Southern Railway, which Master Car Lease Agreement and such Schedule,

insofar as they relate to the equipment listed on Schedule A, have been assigned by Flex to Flex II.

7. Master Car Lease Agreement dated as of May 28, 1998 by and between Flex and CSX Transportation, Inc. ("CSXT"), Amendment No. 01 to Master Car Lease Agreement dated as of May 28, 1998 by and between Flex and CSXT and Schedule No. 08 to Master Car Lease Agreement dated as of May 28, 1998 by and between Flex and CSXT, which Master Car Lease Agreement, as amended, and such Schedule, insofar as they relate to the equipment listed on Schedule A, have been assigned by Flex to Flex II.
8. Master Car Lease Agreement dated as of July 30, 1999 by and between Flex and Georgia Power Company ("Georgia Power") and Schedule No. 01 to Master Car Lease Agreement dated as of July 30, 1999 by and between Flex and Georgia Power, which Master Car Lease Agreement and such Schedule, insofar as they relate to the equipment listed on Schedule A, have been assigned by Flex to Flex II.
9. Master Car Full Service Lease Agreement dated as of October 19, 1998 by and between Flex and South Carolina Electric & Gas Company ("SCE&G"), on its own behalf and as agent for its affiliate South Carolina Generating Company, Inc. ("SCGC" and together with SCE&G, "Lessee") and Schedule No. 04 to the Master Car Full Service Lease Agreement dated as of October 19, 1998 by and between Flex and Lessee, which Master Car Full Service Lease Agreement and such Schedule, insofar as they relate to the equipment listed on Schedule A, have been assigned by Flex to Flex II.